

**GOVERNMENT OF ANDHRA PRADESH**  
**ABSTRACT**

Suits – Arbitration –An amount of Rs.1,70,00,000/- as full and final settlement of claims in OS No13/2002 on the file of the II Addl. District Court, Kurnool in respect of the work relating to “Excavation and formation of Inlet channel from Km. 119.650 of K.C Canal to Alaganur Balancing Reservoir including CM& CD works under ICB 03 package entrusted to M/s Harvins constructions (P) Ltd. Hyderabad, vide Agreement No. SE/CC.II/53/1998-99, dated 11.03.1999.- Sanctioned - Orders – Issued.

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IRRIGATION&CAD (IRRIGATION WING: ARBITRATION) DEPARTMENT

G.O.Rt. No. 860

Dated: 27.08.2013.

Read the following

1. From the Hon'ble High Court of A.P., Hyderabad Judgment dated: 05.03.2009 in AS No. 2856 of 2004.
2. From the M.D.,M/s.Harvins Constructions (P), Ltd, Hyd Lr. No. HCPL/ ICB-03/Vol-8/108/ dated.24-03-2009.
3. From the CE(P), Irrgn., Kurnool, Lr.No.CE(P)/KNL/TS/TO/DEE.1/ ICB.03/132 Govt., dated.17.06.2009.
4. From the Engineer-in-Chief, Medium Irrigation, Hyderabad, Lr.No. ENC/Med/DCEIII/OT1/ARB-21/2011,dated 21.10.2009 and dated 21.06.2011.

**ORDER**

The Chief Engineer (P), Irrigation, Kurnool in his letter 2<sup>nd</sup> read above, has reported that the work relating to” Excavation and formation of Inlet channel from Km. 119.650 of K.C Canal to Alaganur Balancing Reservoir including CM& CD works under ICB 03 package was entrusted to M/s Harvins constructions (P) Ltd. Hyderabad, vide Agreement No. SE/CC.II/53/1998-99, dated 11.03.1999. at tender percentage ( + ) 15.796% than ECV.

2. After concluding the Agreement, the Department has issued work order on 19.03.1999 to commence the work within 15 days and complete in 33 months. The Contractor has executed some scattered bits in clear area available and represented quoting Agreement clause 21.1 and clause 32.1, for compensation for an amount of RS. 384.56 Lakhs along with interest @ 18% P. A for idleness of men and machinery, for want of land Acquisition, controlled blasting, over head Electrical lines etc. The Contractor has approached the Technical Expert Committee for compensation under Clause (a) of the Contract.

3. The Technical Expert Committee in its decision dated 04.08.2001 has instructed the Department to pay compensation for an amount of Rs. 3,37,89,520/- with simple interest @ 12% p.a.. Aggrieved by this decision, the Department has filed OS No 13/2002 before the II Addl. District Court, Kurnool with a prayer to keep

(P.T.O.)

aside the decision of the Technical Expert committee. The Hon'ble Court in its judgment, dated 17.04.2004 in OS No. 13/2002 while allowing the suit in part has modified the Technical Expert committee decision, for an amount of Rs.3,08,07,100/- instead of Rs. 3,37,89,520/- with interest @ 6% P.A from 4.8.2001 till the date of realization.

4. Aggrieved by the above judgment, the Department has filed Appeal No 2856/2004 in the Hon'ble High Court of AP, Hyderabad. The Hon'ble High Court in its interim order dated.16-03-2005 has stayed the execution of the decree with a condition to deposit half of the decretal amount and cost of suits within a period of (8) weeks from 16-03-2005. Accordingly, the Department has deposited an amount of Rs. 1,83,32,175/-.

5. Subsequently, the Hon'ble High Court in its Judgment, dated 05-03-2009 in A.S.No.2856/04, has directed the respondent-defendant to approach the Principal Secretary of the Department concerned by filing appropriate comprehensive representation within a period of (3) weeks from today i.e 05.3.2009 on filing of which, the said authority shall Conciliate the meeting and try to settle the matter within a period of (3) months thereafter. In pursuance of these directions and on receipt of the representation from the Contracting firm, the matter has been referred to the Conciliation Committee concerned as constituted for the purpose vide G.O Rt. No. 103, dated 24.01.2008. The Committee has submitted its report.

6. After examination of the Committee report, all the disputed claims have been negotiated with the Managing Director, M/s Harvins Constructions (P) Ltd. Hyderabad in the final Conciliation meeting held on 12.12.2012. During the meeting, he has expressed his willingness to accept the lumpsum amount of Rs.. 1, 70,00,000/- as full and final settlement of all the claims including interest and any other incidentals in respect of OS No 13/2002. To this effect, he has given a declaration on a notarized affidavits stating that he shall withdraw all legal proceedings in respect of work covered under OS No.13/2002 against the Government of Andhra Pradesh or its representative officer after realization of accepted amount.

7. After careful examination of the entire matter, it has been decided to accept the claim offered by the Contracting firm. Accordingly, Government hereby accord sanction for an amount of Rs. 1, 70,00,000/- (Rupees One Crore and Seventy lakhs only) as full and final settlement of all the claims including interest in OS No. 13/2002 on the file of the II Addl. District Court, Kurnool, in respect of the work relating to "Excavation and formation of Inlet channel from Km. 119.650 of K.C Canal to Alaganur Balancing Reservoir including CM& CD works package No. ICB 03 entrusted to M/S Harvins Construction (P) Ltd vide Agreement No. SE/ICC-II/53/98-99 dated: 11.03.1999, subject to condition that the above Contracting firm should withdraw all the legal proceedings pending in the Courts in respect of the above work against the Govt., or its representative officer after realization of the sanctioned amount.

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8. The expenditure sanctioned in para (7) above shall be debitable to the detailed Head of Account under **“MJH 4700, SMJH 01, MH 109 K.C. Canal, GH (11) normal State Plan, SH (27) Canals and distributaries, 530 Major Works, 531 other expenditure (Charged)”**.

9. The Chief Engineer (P), Irrigation, Kurnool, is directed to deposit the above sanctioned decretal amount to the credit of OS No. 13/2002 on the file of the II Addl. District Court, Kurnool, for avoiding further legal complications in the matter. He is also directed to instruct the disbursing officer concerned to obtain a declaration from the above contracting firm accepting the amount as full and final settlement of all its claims before depositing the above sanctioned amount in the respective Court.

10. This order issues with the concurrence of Finance (W&P) Deptt, vide their U.O No. 667/F5(A2)/13-1, dated 05.03.2013..

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

**AJOYENDRA PYAL**  
**SPECIAL CHIEF SECRETARY TO GOVERNMENT**

To

The Chief Engineer (P), Irrigation, Kurnool  
The Superintending Engineer, SRBC Circle No. 1 Nandyal.  
The Accountant General, Hyderabad  
The District Treasury Officer, Kurnool  
The Pay and Accounts officer Nandyal  
The Managing Director,  
M/s.Harvins Constructions (P) Ltd., 8-2-322/H, Road No.3, Banjara Hills,  
Hyderabad – 500 034

Copy to

The P.S to Spl. Secretary to C.M  
The PS to Minister (M&MI)  
The G.P for Arbitration , High Court of A.P, Hyderabad.  
The PS to Spl. Chief Secretary, I & CAD Deptt.,  
The Law(B) Deptt,  
The Finance (W&P) Department.  
The I & CAD (P&B) Deptt., with a request to release LOC/authorization for  
the expenditure sanctioned above.

SF/SC.

//FORWARDED:: BY ORDER//

SECTION OFFICER